

1918—



—1947

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FOREIGN POLICY BULLETIN

An interpretation of current international events by the Research Staff of the Foreign Policy Association

FOREIGN POLICY ASSOCIATION, Incorporated
22 East 38th Street, New York 16, N. Y.

VOL. XXVI, No. 52

OCTOBER 10, 1947

ATTLEE STRENGTHENS CABINET TO MEET ECONOMIC CRISIS

THE appointment of Sir Stafford Cripps on September 29 to the post of Minister of Economic Affairs elevates him to second rank in the British cabinet. He thus acquires extraordinary peacetime powers to meet the nation's crisis. This cabinet shift, however, does not foreshadow any drastic change in policy on the part of the Attlee government. Nor does it constitute a direct reply to the challenge of the opposition party despite the fact that the shake-up came on the eve of the annual Conservative conference at Brighton, where Winston Churchill on October 4 asked for an early general election to oust Labor from office.

It should be noted that, notwithstanding Churchill's usual spirited criticism of government policy, he has welcomed the Cripps appointment, although with some qualifying remarks. But more important, the Conservative spokesmen at Brighton accepted much of Labor's nationalization program already enacted into law. Further nationalization is ruled out by Conservatives, but the Brighton decision shows clearly how far party members go in accepting some of the Laborite policies. An increasingly sharp division on political grounds is arising between the major parties in Britain since the Conservatives are attacking Labor policies which entail many types of restrictions, some of them involving limitations on personal liberty. But it is clear that the two parties are moving closer together on fundamental economic policies.

ATTLEE'S CHANGING TEAM. Changes in the cabinet have been expected for some time, and even more sweeping shifts are rumored for the immediate future. Many observers had thought that Foreign Secretary Ernest Bevin would be given the job of economic commander-in-chief, but now he will probably remain at the Foreign Office. Other steps

may be taken to bring younger men into the cabinet as was done on September 29 by the appointment of Harold Wilson, who at the age of thirty-one leaves the post of Secretary of Overseas Trade to take up Sir Stafford's former place as President of the Board of Trade. Wilson is known as one of the most able younger Laborites, and recently distinguished himself in the trade negotiations with Russia which he conducted in Moscow.

Herbert Morrison, some of whose duties Sir Stafford now assumes, remains temporarily as Deputy Prime Minister. But Attlee may find another portfolio for him if he shifts such controversial figures in the cabinet as Aneurin Bevan, Minister of Health (in charge of Housing), Emanuel Shinwell, Minister of Fuel and Power, and John Strachey at the Food Ministry. A. V. Alexander, Minister for Defense, may also be shifted or asked to resign, as was Arthur Greenwood, Minister Without Portfolio, who was dropped from the cabinet in the present shake-up. No move is expected at the Treasury where Hugh Dalton serves as Chancellor of the Exchequer. Yet the changing Attlee team shows that the Prime Minister is determined to get the very

What are the main problems at stake in the debates of the UN General Assembly? For background information on discussions of the veto, the American proposal for a "Little Assembly," and procedures in dealing with the questions of the Balkans and Palestine, read:

THE UNITED NATIONS: ITS RECORD OF ACHIEVEMENT, by LELAND M. GOODRICH

25 cents

September 15 issue of FOREIGN POLICY REPORTS. REPORTS are issued on the 1st and 15th of each month. Subscription \$5; to F.P.A. members, \$4.

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best possible men in the right posts, irrespective of personal or party considerations. So far the new cabinet appointments do not indicate that he is trying especially to placate the more Leftist members or the back bench rebels of the party. In so far as Cripps takes a lead above Morrison in the cabinet, quite the contrary is the case. The Leftist element, however, may consider the appointment of younger men a point in their favor.

SIR STAFFORD'S NEW POWERS. The official statement explaining the Economic Minister's functions reveals the broad range of his new powers. Only defense matters and internal financial policy, both intimately related to the over-all economic problems facing Britain, are excluded from Sir Stafford's jurisdiction. Five major tasks are entrusted to him. (1) He will have general supervision and coordination of the whole production program for home and export, including coal and power, raw materials, building, shipbuilding and agriculture. By this authority he will be able indirectly to compel workers to change their employment under the government's recently acquired power over "control of engagements," and he may, in addition, shut down factories not absolutely essential to home production or the export drive. (2) Sir Stafford, with the Chancellor of the Exchequer, will be responsible for Britain's import program. On October 4, he pointed out that the austerity program would be carried even further, hinting that tobacco imports might again be cut. (3) The new Economic Minister will also preside over a cabinet committee consisting of all the production and economic ministries. (4) He will

supervise the government's existing central planning staff as well as a new publicity unit for this group.

(5) The economic secretariat of the cabinet will be under his direction. The various advisory councils for industry, both on a national and regional level, will also come under his supervision. These latter responsibilities bring under one Minister virtually all of the Labor government's planning activities.

Britain's hope of surmounting its crisis cannot, of course, be fulfilled by any simple expedient of streamlining government administration. Sir Stafford's abilities are regarded highly in Britain, perhaps as much outside Labor's ranks as within the party fold. The new assignment is a reminder of his success with airplane production during the war. It will be remembered also that it is Sir Stafford, next probably to Ernest Bevin, who has been most effective in gaining support for Labor's policies since the war. The establishment of a comprehensive Economic Ministry, however, will make it possible for the government to move forward more efficiently. Whether the Attlee regime can bring recovery to Britain still depends on what aid the nation receives under the Marshall program and how soon it can emerge from some of the vicious circles in which the country's economy now operates. To give but one example—lack of fuel giving rise to lack of steel, which in turn hinders production of equipment needed to modernize the coal mines—illustrates the type of problem facing Britain that Sir Stafford has been asked to solve.

GRANT S. McCLELLAN

SUCCESS OF MARSHALL PLAN REQUIRES EXPANDED TRADE IN EUROPE

Unless Congress soon meets and authorizes a program of emergency aid for Western Europe, the four-year reconstruction plan prepared by the sixteen-nation Committee of European Economic Cooperation will prove futile. In its General Report, submitted to Washington last week, the committee stressed the urgent need for assistance to stay a decline in production which some nations are already experiencing because of the lack of funds to finance imports of food and other supplies. Fully cognizant of the gravity of the situation, President Truman on October 1 warned the chairmen of the Senate and House Committees on Foreign Relations and Appropriations that time is of the essence. "The prospect of a successful general economic recovery program for Europe," he wrote, "is one of the major hopes for peace and economic security in the world." However, no such plan can be developed if in the meantime "economic collapse occurs in Europe." Citing France and Italy, Mr. Truman observed that in these two countries certain "groups that hope to profit by unrest and distress" are now seeking to

make political capital out of the prevailing fear that there will not be sufficient food and fuel to enable the people to survive the coming winter.

THREAT TO MODERATE GROUPS. But, as spokesmen for these governments have pointed out, their economic plight is equally serious in other respects. Lacking an adequate supply of hard currency to maintain an inflow of food and fuel, France, Italy and other nations have had to curtail imports of raw materials without which the present rate of production cannot be maintained. In the case of France, for example, imports of cotton and copper were stopped last month in order to conserve dollar resources now almost completely exhausted.

When it is noted that the recovery thus far achieved in most of Western Europe has been hardly sufficient to create social stability, the fateful consequences of any decline in output are not difficult to perceive. The moderate groups which American foreign policy seeks to strengthen will be weakened by mounting pressure from the extremists on both the Right and Left, particularly if there should be

increasing unemployment because factories lack raw materials. Moreover, any decline in production would in turn frustrate efforts to prevent a further rise in prices. The monetary and budgetary situation in both France and Italy is even now highly precarious. Continued inflation not only causes hoarding, and thus an undermining of trade and industry; it may also in time "economically guillotine" the middle classes, which is what happened in some European countries at the end of World War I.

EAST-WEST TRADE IN PARIS PLAN. As it is, the successful recovery of Western Europe is endangered by the widening gulf between East and West. This is a development of which the leaders of the governments participating in the Paris conference are acutely aware. Their desire that the rejection of the Marshall proposal by the Soviet Union and the Eastern European nations should not result in a studied effort to prevent resumption of full-scale trade with the West is emphasized in the General Report forwarded to Washington. But such hopes as they may have had on this score must now be much diminished, in view of the attack on the Marshall plan in the statement issued on October 5 by the Communists of nine countries meeting in Poland, who promise an all-out effort to resist what they call "dollar imperialism" by the United States.

If the reconstruction plan of the sixteen-nation Western group is to be a complete success, these nations must be able to obtain more and more food and supplies in exchange for the output of their industrial enterprise. In the past, a substantial volume of trade was conducted on this basis with Eastern Europe. While for the present there is little surplus production available for export from the East, it is conceivable that in due course such commerce could be greatly increased—provided the nations in this area prove willing to cooperate. Should such an intra-European exchange of surpluses not materialize, however, the alternative for the nations sharing in the

Marshall program is an even larger trade among themselves and with other continents.

CUSTOMS UNIONS STUDIED. One device now being considered to promote such an increase of imports and exports is the development of customs unions in Europe. What can be achieved in this direction is aptly illustrated by the steps taken in the past two years by Belgium, the Netherlands and Luxembourg to merge their respective national markets. Encouraging progress has been made on this project despite innumerable obstacles. During the preparation of the Paris four-year plan, thirteen member governments agreed to form a group to study the possibility of organizing one or more similar customs unions. But, as the committee's report pointed out, this means of encouraging more efficient production and a larger flow of trade "involves complex technical negotiations and adjustments which can only be achieved by progressive stages over a period of years."

Although Switzerland, Norway and Sweden did not join this group, the governments of the latter two, together with those of Denmark and Iceland, announced on August 28 their intention to examine at once the possibility of greater economic cooperation. Shortly afterward, however, the Scandinavian countries were advised by a contributor to *Pravda* that they should take no part in the "notorious Marshall Plan." These governments, it was stated, "cannot fail to understand that severance of natural economic ties between Northern and Eastern Europe would be extremely unprofitable." Although the bulk of their trade in the past has been with Western Europe and other continents, the people of this region are not likely to dismiss such a warning lightly. In the prevailing conflict between East and West, it may well be that their traditional "middle way" is more necessary than ever before, since it may be the means to safeguard their survival.

HAROLD H. HUTCHESON

(The second in a series of three articles on the Paris plan.)

Statement of the Ownership, Management, Circulation, Etc., Required by the Acts of Congress of August 24, 1912, as Amended by the Acts of March 3, 1933, and July 2, 1946, of

Foreign Policy Bulletin

Published weekly at New York 16, N. Y. for October 1, 1947.
State of New York, County of New York, ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Vera Micheles Dean, who, having been duly sworn according to law, deposes and says that she is the Editor of the FOREIGN POLICY BULLETIN, and that the following is, to the best of her knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Acts of March 3, 1933, and July 2, 1946 (section 537, Postal Laws and Regulations), printed on the reverse of this form, to wit:

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Publishers—Foreign Policy Association, Incorporated, 22 East 38th Street, New York 16, N. Y.

Editor—Vera Micheles Dean, 22 East 38th Street, New York 16; N. Y.
Managing Editor—None.

Business Managers—None.

2. That the owner is:

Foreign Policy Association, Incorporated, 22 East 38th Street, New York 16, N. Y., the principal officers of which are: Brooks Emeny, President, 22 East

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New York County, New York, County Clerk's No. 123, New York County Reg. No. 164-M-9. (My commission expires March 30, 1949.)

THE F.P.A. BOOKSHELF

International Relations, a Selection of Current Readings, Nos. 1 and 2, edited by Norman J. Padelford. Cambridge, Massachusetts Institute of Technology, 1947.

These articles and documents touch on the more significant contemporary aspects of topics normally included in college courses on International Organizations and Relations. M.I.T. plans to publish these volumes biannually. They should prove helpful to all students and persons who wish to have at hand a careful selection of pertinent articles on the swiftly changing international scene.

A Free and Responsible Press, by The Commission on Freedom of the Press, with a foreword by Robert M. Hutchins. Chicago, University of Chicago Press, 1947. \$2.00

This report, the result of a study financed by Henry R. Luce and Encyclopedia Britannica, Inc., covers all the major agencies of mass communication: radio, newspapers, motion pictures, magazines, and books. Recommendations are made for their improvement, and government regulation is outlined, but chief emphasis is on the need for public vigilance and self-improvement of business units involved in disseminating news and entertainment.

Australia, Its Resources and Development, edited by G. L. Wood, New York, Macmillan, 1947. \$4.00

Australia's growth during the last half-century and its contemporary national and international economic problems are discussed by a group of scientists, scholars and public officials. Among the topics treated are: the nation's geography, industry, agriculture, tariff, and its interest in adjacent islands and the wider Pacific basin.

The Netherlands in a Changing World, by Bart Landheer. New York, Roy, 1947. \$3.00

A series of essays in which the author, a Netherlands government official, discusses some of his country's present problems, including the situation in the Dutch East Indies. Political, cultural and economic issues are skillfully analyzed.

The Finances of European Liberation, by Frank A. Southard, Jr. New York, King's Crown Press, 1946. \$3.00

A well-documented study of the economic and financial operations of the Allied military authorities during the liberation of Southern Europe. The author served in the Headquarters section as a financial expert, and therefore has firsthand knowledge of the subject.

Capitalism, Socialism and Democracy (2nd edition), by Joseph A. Schumpeter. New York, Harper, 1947. \$3.50

First published in 1942, this well-known treatise on capitalist economy has been reissued with an additional chapter on the consequences of World War II.

America's Needs and Resources, by J. Frederick Dewhurst and Associates. New York, Twentieth Century Fund, 1947. \$5.00

A highly useful survey of the past accomplishments of the American economy, with elaborate estimates of future output and needs. Although primarily a study of the domestic economy of the United States, this volume contains much that will interest the student of our foreign economic policy.

China: A Short History, by Owen and Eleanor Lattimore. New York, Norton, 1947. \$3.00

A new and revised edition of a useful history, originally published as *The Making of Modern China*.

Sweden: The Middle Way, by Marquis W. Childs. New Haven, Yale University Press, 1947. \$3.00

A new and enlarged edition of a widely acclaimed book, which was first published in 1936. Revisiting Sweden during the summer of 1946, the author found that belief in the middle way there has been strengthened by events of the last decade.

A Dictionary of International Affairs, by A. M. Hyamson. Washington, D.C., American Council on Public Affairs, 1947. \$3.75

A compact, useful reference book.

Education in Fascist Italy, by L. Minio-Paluello. New York, Oxford University Press, 1946. (Issued under the auspices of the Royal Institute of International Affairs.) \$5.50

A study of education in Italy from the days of the Risorgimento through the Fascist regime.

Monetary Reconstruction in Belgium, by Leon H. Dupriez. New York, King's Crown Press, 1947. \$2.25

A detailed analysis of how Belgium has reformed its currency and thus avoided protracted and cumulative inflation. As the author notes, Allied military expenditures in the country in the latter stages of the war aided the government in meeting its balance of payments problem.

Cartels in Action, by George W. Stocking and Myron W. Watkins. New York, Twentieth Century Fund, 1946. \$4.00

A well-documented and readable account of the origins and development of cartels in eight industries, including sugar, rubber, steel, chemicals and aluminum. The overall picture presented is one of declining competition—of less and less evidence "of those economic principles and habits of thought which supposedly animate a free enterprise system."

Germany—Bridge or Battleground, by James P. Warburg. New York, Harcourt, 1947. \$3.50

The former Director of Propaganda Policy in the OWI gives a forthright and balanced picture of what "too many doctors" have done to Germany. He proposes a program of rehabilitation in which he rejects a European federation on the ground that, under present circumstances, it would inevitably become an anti-Russian federation.

Seizure of Territory, by Robert Langer. Princeton, Princeton University Press, 1947. \$3.50

This work is an analysis of the principle of non-recognition of territorial conquest by force, popularly known as the Stimson Doctrine, and a sketch of its history before it was advanced by Stimson. Its application in the Manchurian Incident is surveyed, and the study concludes with an estimate of the Doctrine's present status.

The Unfinished Revolution in China, by Israel Epstein. Boston, Little, Brown, 1947. \$3.50

The title of this book, adapted from a phrase by Sun Yat-sen, provides a key to the author's view of China's problems. A journalist who has spent most of his life in China, he emphasizes the internal origins of the movement for far-reaching change in that country. Few accounts of recent Chinese developments show so deep an awareness of the sweep of Chinese history and its bearing on the events of our time.

FOREIGN POLICY BULLETIN. Vol. XXVI, No. 52, OCTOBER 10, 1947. Published weekly by the Foreign Policy Association, Incorporated. National Headquarters, 22 East 38th Street, New York 16, N. Y. BROOKS EMENY, President; HELEN M. DAGGETT, Secretary; VERA MICHELES DAN, Editor. Entered as second-class matter December 2, 1921, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Four Dollars a Year. Please allow at least one month for change of address on membership publications.

F. P. A. Membership (which includes the Bulletin), Six Dollars a Year
Produced under union conditions and composed and printed by union labor.